99. The method of claim 98, wherein the *Fusarium* cell is a *Fusarium venenatum* cell.

100. The method of claim 99, wherein the *Fusarium venenatum* cell is *Fusarium venenatum* ATCC 20334.

101. The method of claim 99, wherein the *Fusarium venenatum* cell is a morphological mutant.

102. The method of claim 101, wherein the *Fusarium venenatum* cell is a morphological mutant of *Fusarium venenatum* ATCC 20334.

103. The method of claim 98, wherein the *Fusarium* mutant cell comprises a second nucleic acid sequence which comprises a modification of at least one of the genes involved in the production of the cyclohexadepsipeptide.

104. The method of claim 103, wherein the genes are selected from the group consisting of a cyclohexadepsipeptide synthetase gene, enniatin synthetase gene, and D-hydroxyisovalerate dehydrogenase gene.

105. The method of claim 103, wherein one of the genes is a cyclohexadepsipeptide synthetase gene.

106. The method of claim 103, wherein one of the genes is an enniatin synthetase gene.

107. The method of claim 103, wherein one of the genes is a D-hydroxyisovalerate dehydrogenase gene.

108. The method of claim 98, wherein the mutant cell produces at least about 25% less of the cyclohexadepsipeptide than the parent filamentous fungal cell when cultured under identical conditions.

109. The method of claim 98, wherein the mutant cell produces no cyclohexadepsipeptide.

110. The method of claim 98, wherein the filamentous fungal cell comprises at least two copies of

the first nucleic acid sequence.

111. The method of claim 98, wherein the secreted heterologous polypeptide is a hormone, enzyme, receptor or portion thereof, antibody or portion thereof, or reporter.

112. The method of claim 111, wherein the enzyme is an oxidoreductase, transferase, hydrolase, lyase, isomerase, or ligase.

113. The method of claim 112, wherein the enzyme is an aminopeptidase, amylase, carbohydrase, carboxypeptidase, catalase, cellulase, chitinase, cutinase, cyclodextrin glycosyltransferase, deoxyribonuclease, esterase, alpha-galactosidase, beta-galactosidase, glucoamylase, alpha-glucosidase, beta-glucosidase, invertase, laccase, lipase, mannosidase, mutanase, oxidase, a pectinolytic enzyme, peroxidase, phytase, polyphenoloxidase, proteolytic enzyme, ribonuclease, transglutaminase, or xylanase.

114. The method of claim 98, wherein the mutant cell further comprises one or more modifications of one or more third nucleic acid sequences, wherein the modification reduces or eliminates expression of the one or more third nucleic acid sequences.

115. The method of claim 114, wherein the third nucleic acid sequence encodes an enzyme selected from the group consisting of an aminopeptidase, amylase, carbohydrase, carboxypeptidase, catalase, cellulase, chitinase, cutinase, cyclodextrin glycosyltransferase, deoxyribonuclease, esterase, alpha-galactosidase, beta-galactosidase, glucoamylase, alpha-glucosidase, beta-glucosidase, invertase, laccase, lipase, mannosidase, mutanase, oxidase, pectinolytic enzyme, peroxidase, phytase, polyphenoloxidase, proteolytic enzyme, ribonuclease, transglutaminase, and xylanase.

116. The method of claim 114, wherein the third nucleic acid sequence encodes a protease.

117. A cyclohexadepsipeptide-deficient mutant cell of a parent *Fusarium* cell, comprising a first nucleic acid sequence encoding a secreted heterologous polypeptide, wherein the *Fusarium* mutant cell produces less of a cyclohexadepsipeptide than the parent *Fusarium* cell of the mutant cell when cultured under the same conditions.

118. The mutant cell of claim 117, wherein the *Fusarium* mutant cell comprises a second nucleic acid sequence which comprises a modification of at least one of the genes involved in the production of the cyclohexadepsipeptide.

119. The mutant cell of claim 118, wherein the genes are selected from the group consisting of a cyclohexadepsipeptide synthetase gene, enniatin synthetase gene, and D-hydroxyisovalerate dehydrogenase gene.

120. The mutant cell of claim 118, wherein one of the genes is a cyclohexadepsipeptide synthetase gene.

121. The mutant cell of claim 118, wherein one of the genes is an enniatin synthetase gene.

C'

122. The mutant cell of claim 118, wherein one of the genes is a D-hydroxyisovalerate dehydrogenase gene.

123. The mutant cell of claim 117, wherein the *Fusarium* cell comprises at least two copies of the first nucleic acid sequence.

add D'

REMARKS

Claims 70-97 have been canceled. New claims 98-123 have been added and are pending in the present application.

It is respectfully submitted that the present amendment presents no new issues or new matter and places this case in condition for allowance. Reconsideration of the application in view of the above amendments and the following remarks is requested.

I. Rejection of Claim 88 under 35 U.S.C. § 112, Second Paragraph

Claims 88 stands rejected under 35 U.S.C. § 112, second paragraph, as being indefinite in the recitation of "the mutant cell further comprises one or more modifications of one or more third nucleic acid sequences because the term "third" relates to a location or position within a structure and it is unclear (1) how two or more sequences can occupy the same position or location, and (2) which modifications and which nucleic acids are encompassed by the claim. This rejection is respectfully traversed.